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Al Godek -APM

Interoffice Memo



## LONE STAR INDUSTRIES, INC.

One Greenwich Plaza, Greenwich, Connecticut 06830

Originating Office: Seattle Cement Plant

Date: July 25, 1980

TO: Capital Budget Committee  
FROM: T. G. Wells  
SUBJECT: Monsanto - Lone Star  
VBLS Usage

Lone Star has entered into an agreement with Monsanto Chemical Company to dispose of a vanillin black liquor solid (VBLS). Due to recent discussions and Lone Star's policy regarding long-term obligations to be met, it is felt this project should be brought to the attention of the Capital Budget Committee.

Monsanto has available a waste product, VBLS, which can safely be added to our raw slurry and disposed of in the kiln burning system. Monsanto is willing to pay Lone Star to dispose of the VBLS. In order to properly handle the VBLS, Monsanto is willing to install the tank and equipment, and Lone Star will reimburse Monsanto at the rate of the current fee paid by Monsanto for Lone Star's handling of the VBLS. Estimated cost of installing the tank and facilities will be \$130,000.

To date, total revenues received from Monsanto have been \$70,000. It is expected that after the installation of the handling facilities, the annual revenues due Lone Star should be between \$100,000 and \$125,000.

Attached is related information and the agreed-to working agreement with Monsanto.

*Tommy*

TGW/me  
Attachments



AGC2E000037

*WLB*  
*Lloyd - Please take*  
*care of this*  
*WLB*  
**Monsanto**

MONSANTO INDUSTRIAL CHEMICALS CO.  
9229 East Marginal Way South  
P. O. Box 80963  
Seattle, Washington 98108  
Phone: (206) 762-2600

July 27, 1976

*764 4450*

Mr. Wilbur McClinton, Plant Manager  
Lone Star Industries, Inc.  
3801 E. Marginal Way South  
Seattle, Washington 98134

Dear Mr. McClinton:

Monsanto has available a waste product (VBL Solids) which might be suitable as a calcium source for cement manufacture. We need to develop alternates to our present practice of landfilling this waste. My purpose in writing is to request the opportunity to meet with you or other appropriate members of your staff to discuss the potential use of VBL Solids in your plant.

VBL Solids are available as a wet cake at a rate of 10 tons CaO equivalent per day. Flexibility is possible in composition to meet special processing needs you may have. A description and typical analysis of the material available is enclosed.

I will be calling you in the next few days to determine if a meeting would be appropriate.

Very truly yours,

*P F Hohenschuh*  
Paul F. Hohenschuh  
Technical Services Supt.

PFH:pc

Enclosure

# Vanillin Black Liquid

## VBL SOLIDS TYPICAL ANALYSIS

DATA FROM JULY 1978

Water	40%	45%
Calcium	20%	31%
Sodium	1%	57-67%
<u>Copper</u>	1%	1-2%
Carbonate	20%	32%
Oxalate	15%	25%
Sulfate	0.5%	
Specific Gravity	1.6	
pH	12.5	
Color	Dark Brown	
Characteristic	Thick Semi-fluid Mud	

35 Tons/DAY Wet Material

15,000 TONS/YR.



# LONE STAR INDUSTRIES, INC.

Cement & Construction Materials Group

Seattle Cement Plant  
3801 E. Marginal Way South  
Seattle, Wash. 98134

MARCH 28, 1979

MR. MELL MILLER  
MONSANTO INDUSTRIAL CHEMICALS CO.  
9229 EAST MARGINAL WAY SOUTH  
P.O. Box 80963  
SEATTLE, WA 98108

DEAR MELL:

WE WILL KNOW BY FRIDAY WHETHER WE CAN GO ON TO MORE EXTENDED TESTING OF THE VBL IN OUR CLINKER BURNING SYSTEM. WE DO NOT FIND ANY PARTICULARLY DISRUPTIVE FEATURES SO FAR WITH THE INTRODUCTION OF VANILLIN SLUDGE IN THE RAW MATERIALS SYSTEM AND HOPE THAT THE CLINKER BURNING OPERATION EXHIBITS NO ABNORMAL CHARACTERISTICS RELATED TO THE VBL. IF WE ARE TO CONTINUE THE TESTING, THERE ARE SEVERAL ITEMS I CAN THINK OF NOW THAT WE SHOULD TALK ABOUT, AS FOLLOWS:

1. WE WILL NEED SOME SORT OF CERTIFIED STATEMENT FROM YOUR INDUSTRIAL HYGIENIST (OR EQUIVALENT) THAT THE FUMES FROM THE VBL ARE NOT TOXIC OR HARMFUL WITH PROLONGED EXPOSURE.
2. WE NEED TO SETTLE IN AT LEAST GENERAL TERMS WHAT IT WILL BE WORTH TO OUR CEMENT MANUFACTURING OPERATION TO ACCEPT THE SLUDGE ON A ROUTINE BASIS. MR. HOHENSCHUH, AT HIS ORIGINAL VISIT ON JULY 26, 1976, SAID HE WAS WILLING TO PAY THE RATE CHARGED BY YOUR PRESENT WASTE HANDLER. I THINK WE WANT TO CONTINUE WITH THOSE TERMS WITH PERIODIC ADJUSTMENTS IN KEEPING WITH ANY CHANGES IN THE GOING DISPOSAL RATES.
3. WE SHOULD TRY TO DETERMINE A SUITABLE METHOD TO ALLOW CONTINUOUS AND ROUTINE DELIVERY OF VBL WITH THE BEST SERVICE TO YOU AND THE LEAST DISRUPTION TO US. YOUR PEOPLE HAVE BEEN EXPERT AT THIS SO FAR.
4. IF WE CONTINUE THE TEST PROGRAM WE WOULD LIKE TO KEEP IT AS OPEN AND INFORMAL AS POSSIBLE UNTIL WE CAN DETERMINE WHAT KIND OF ARRANGEMENTS WILL BE SUITABLE TO BOTH PARTIES ON A CONTRACTUAL BASIS.

AGC2E000040



# **LONE STAR INDUSTRIES, INC.**

**Cement & Construction Materials Group**

Seattle Cement Plant  
3801 E. Marginal Way South  
Seattle, Wash: 98134

PAGE 2

THERE ARE NO DOUBT OTHER ITEMS REQUIRING CONSIDERATION, BUT THESE SHOULD SERVE FOR A START. THE QUESTION OF HOW THE SLUDGE CAN BE HANDLED WHEN OUR OPERATIONS ARE CURTAILED OVER SEVERAL DAYS OR WEEKS, AND HOW WE CAN RECEIVE ROUTINE DELIVERY OVER THE WEEKEND OR HOLIDAYS SHOULD BE DISCUSSED.

VERY TRULY YOURS,

LLOYD F. FULLER  
ASST. PLANT MANAGER - PROD. & QUAL.

# Monsanto

MONSANTO INDUSTRIAL CHEMICALS CO.  
9229 East Marginal Way South  
P. O. Box 80963  
Seattle, Washington 98108  
Phone: (206) 762-2600

April 10, 1979

Mr. L. F. Fuller  
Lone Star Industries, Inc.  
3801 E. Marginal Way South  
Seattle, Washington 98134

Dear Mr. Fuller:

In reference to your letter of March 28, 1979, this is to clarify some of the issues you raised.

Monsanto does not feel the odor detected during the recent VBLS test at your plant is hazardous with prolonged exposure at the concentration levels experienced. So this can be quantitatively supported, Monsanto would like to have its industrial hygienist monitor exposure levels with and without the addition of VBLS to your recycle stream. Standard OSHA approved test procedures would be followed and the results and interpretations of results would be confidentially discussed with Lone Star management.

In reply to your question, "What is it worth for Lone Star" to use our VBLS material. Monsanto would be willing to pay Lone Star approximately \$12.45/ton of VBLS F.O.B. Lone Star. This is the current dump fee Monsanto pays for landfilling this material. Based on the most current internal Monsanto projections, approximately 10,000 tons of VBLS will be generated this year. I think its a bit premature to get into the details of a contract at this point; however, I feel that mutual agreement can be reached when that time comes.

Monsanto is interested in the logistics of the long term handling of the material. Our concerns are directed at minimizing the

Mr. L. F. Fuller

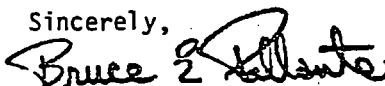
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April 10, 1979

transportation of handling and providing enough surge to accommodate minor upsets at either your plant or our plant. Specifically, we would want to run at least over 4-day holidays with no required deliveries. We are open to your ideas and suggestions in this area.

Please let us know when you are in a position to continue your evaluation of this joint project. We would like to give you and your people a chance to see our plant. Perhaps that would be an ideal time to discuss where we go from here. On behalf of Monsanto I would like to thank you for all the cooperation Lone Star has provided thus far and we hope the experiment proves beneficial for both of us.

Sincerely,



B. E. Pallante  
Sr. Process Engineer

BEP:ps

TO: TOM WELLS / AL MUELLER

APRIL 10 1979

FROM: LLOYD FULLER

SUBJECT: MONSANTO'S VBL - SPENT LIGNIN LIQUOR WASTE

The attached copy will bring you up to date on Monsanto's interest in cyclining their lignin waste through our kiln system. As explained previously the lignin waste is derived from a vanillin extraction process. For some time past to the present the VBL has been dumped at land fill sites but these areas are becoming scarcer. For this reason Monsanto contacted us as early as July 1976 to investigate our interest.

Several times in the past the Seattle plant has tested the potency of lignin liquor as a slurry thinner but found it inadequate at the price charged. Current short run tests show that the waste VBL liquor has a measure of slurry thinning capability and is easily introduced to our new fuel system.



**LONE STAR  
INDUSTRIES**

SEATTLE

WASHINGTON

Subject: \_\_\_\_\_

By \_\_\_\_\_ Date \_\_\_\_\_

Chkd. By \_\_\_\_\_ Date \_\_\_\_\_

Sheet No. \_\_\_\_\_ Of \_\_\_\_\_

AGC2E000044





# LONE STAR INDUSTRIES, INC.

One Greenwich Plaza, Greenwich, Connecticut 06830

Originating Office: Seattle Cement Plant

Date: June 19, 1980

TO: A. K. Mueller  
FROM: T. G. Wells  
SUBJECT: Monsanto VBLS Agreement

Attached for your files is a copy of the agreement between Lone Star Industries and Monsanto regarding our using their Vanillin by-product.

Based on the current consumer price index of 242.5, at such times when we accept the facilities, our monetary consideration will be increased from \$12.45 per ton to \$13.94 per ton.

*Tommy*

TGW/me  
Attachment

# Monsanto

SPECIALTY CHEMICALS DIVISION

MONSANTO INDUSTRIAL CHEMICALS CO.  
800 N. Lindbergh Boulevard  
St. Louis, Missouri 63166  
Phone: (314) 694-1000

March 26, 1980

Lone Star Industries, Inc.  
3801 E. Marginal Way South  
Seattle Washington 98134

Dear Mr. Wells:

This letter agreement between Monsanto Company ("Monsanto") and Lone Star Industries, Inc. ("Lone Star") sets forth the terms of our agreement regarding (i) Monsanto's supply of Vanillin Black Liquor Solids ("VBLS"), a by-product of Monsanto's vanillin production at its Seattle, Washington plant ("Monsanto Plant"), to Lone Star at its Seattle, Washington plant ("Lone Star Plant"), and (ii) Monsanto's installation and lease of certain facilities for the handling of VBLS at Lone Star's Plant:

1. TERM. This agreement shall begin on January 1, 1980 and continue through December 31, 1984, continuing thereafter from year to year until terminated by either party by giving the other party at least thirty days prior written notice.

2. QUANTITY, TITLE, AND RISK OF LOSS OF VBLS. Monsanto agrees to deliver VBLS to Lone Star's Plant, and Lone Star agrees to receive from Monsanto, and to unload, handle, store and utilize the VBLS in a safe and lawful manner at the Lone Star Plant. Lone Star agrees to accept from Monsanto as much VBLS as Lone Star can reasonably utilize, and Monsanto agrees to supply to Lone Star at least 51% of Monsanto's output of VBLS from the Monsanto Plant. Title and risk of loss of the VBLS shall pass from Monsanto to Lone Star when the VBLS passes the unloading flange of the delivering vessel or vehicle at the Lone Star Plant.

3. FEE FOR HANDLING VBLS; REVISION. Monsanto shall pay Lone Star for Lone Star's proper performance of services relating to the VBLS a Base Fee of \$12.45 per short ton (2,000 pounds) of

March 26, 1980

VBLS delivered to and accepted by Lone Star. Within thirty days after Lone Star's acceptance of the Facilities, said Base Fee shall be revised as follows:

Revised Fee:  $\frac{\text{CPI}}{216.6}$  (\$12.45)

where CPI =

Consumer Price Index for all urban consumers, not seasonally adjusted, as released by the Bureau of Labor Statistics, U.S. Department of Labor, for the most recent month for which such statistic is available.

Thereafter said fee shall be revised annually on the anniversary of the date of Lone Star's acceptance of the Facilities in accordance with the formula set forth above.

4. LEASE, RENT AND TRANSFER OF TITLE TO FACILITIES. Monsanto agrees to provide for the installation of, and to lease to Lone Star, certain facilities ("Facilities") for Lone Star's handling and storage of VBLS received from Monsanto. The term of the lease shall begin upon Lone Star's acceptance of the Facilities, which shall take place within thirty days after the Facilities have become reasonably suitable for their intended purpose, and shall continue in effect until this letter agreement terminates or expires or until Lone Star has reimbursed Monsanto for Monsanto's total actual cost of the Facilities, whichever shall first occur. It is estimated that Monsanto's cost of the Facilities will be approximately \$125,000. Monsanto agrees to provide Lone Star with copies of its receipts evidencing the cost of materials and labor for construction and installation of the Facilities. Lone Star agrees to pay Monsanto rent for the Facilities at a rate per short ton of VBLS delivered to Lone Star equal to the then-current fee paid by Monsanto for Lone Star's handling of the VBLS under this letter agreement, but such rental payments to Monsanto in any calendar year during the term of this letter agreement shall be at least 20% of Monsanto's actual cost of the Facilities. When Lone Star has reimbursed Monsanto for Monsanto's actual cost of the Facilities, Monsanto shall transfer title to the Facilities to Lone Star.

5. MAINTENANCE OF FACILITIES; TAXES; USE. Except for repairs, if any, provided by Monsanto in accordance with its limited warranty of the Facilities, Lone Star agrees to maintain the Facilities in good operating order, repair and appearance and to furnish, at Lone Star's expense, all repairs, parts, supplies,

March 26, 1980

materials and labor for such maintenance and repair after Lone Star has accepted the Facilities. Lone Star also agrees to pay taxes and assessments relating to the Facilities; except income or franchise taxes assessed against Monsanto. Lone Star shall use the Facilities during the term of this agreement only for the unloading, handling and storage of VBLS received from Monsanto.

6. LIMITED WARRANTY. (a) Monsanto will use reasonable care in connection with the Facilities to be constructed and installed at the Lone Star Plant, and agrees to use the same degree of care and diligence therein that it uses for work done on its own behalf. Monsanto agrees to pass on to Lone Star any material and workmanship warranties on the Facilities which Monsanto receives from the contractor responsible for the construction and installation of said Facilities. Except as provided above, MONSANTO MAKES NO WARRANTY, EXPRESS OR IMPLIED, RELATING TO MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, GOOD WORKMANSHIP, OR ANY OTHER MATTER WITH RESPECT TO THE FACILITIES.

(b) A GENERAL DESCRIPTION OF THE VBLS IS ATTACHED TO THIS LETTER AGREEMENT; HOWEVER, THE COMPOSITION OF ANY SHIPMENT OF VBLS IS EXPECTED TO VARY FROM SHIPMENT TO SHIPMENT AND TO CONTAIN OTHER MATERIALS. MONSANTO MAKES NO WARRANTY OF ANY KIND, EITHER EXPRESS OR IMPLIED, RELATING TO MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, GOOD WORKMANSHIP OR ANY OTHER MATTER WITH RESPECT TO THE VBLS, it being understood and agreed that the VBLS is provided to Lone Star on an "AS IS" basis, "WITH ALL FAULTS".

7. CLAIMS AND LIMITATION OF LIABILITY. All claims by Lone Star for any cause whatsoever (whether based in contract, warranty, negligence, strict liability, other tort, violation of law or otherwise) shall be waived unless made in writing and received by Monsanto within 45 days after delivery with respect to claims based on VBLS, and within one year of the date of Lone Star's acceptance of the Facilities for claims relating to the Facilities. Provided that Lone Star has notified Monsanto within 10 days after delivery of a shipment of VBLS, Monsanto agrees to accept the return of any shipment of material that does not conform to the description attached and which, as a result, either substantially increases Lone Star's cost of utilizing same or makes utilization by Lone Star unlawful or impossible. Monsanto agrees to pay reasonable handling and transportation costs incurred by Lone Star for the receipt, handling and return of such material to the Monsanto Plant or other location designated by Monsanto and SUCH PAYMENTS BY MONSANTO, AND MONSANTO'S REPAIR OF THE FACILITIES WITH RESPECT TO CLAIMS ARISING THEREFROM, SHALL BE THE LIMIT OF MONSANTO'S LIABILITY AND SHALL BE LONE STAR'S EXCLUSIVE REMEDY. Monsanto shall not be liable for any loss, damage or injury to persons (including death) or to property in connection with Monsanto's performance of this letter agreement or arising from the lease, use, ownership, operation, mis-use, non-use, repair,

March 26, 1980

replacement, or removal of the Facilities by Monsanto or Lone Star or any other party, or in connection with Monsanto's supply of VBLS to Lone Star. MONSANTO'S TOTAL LIABILITY FOR ANY CAUSE WHATSOEVER (WHETHER THE BASIS OF LIABILITY IS CONTRACT, WARRANTY, NEGLIGENCE, STRICT LIABILITY, OTHER TORT, VIOLATION OF LAW OR OTHERWISE) SHALL NOT EXCEED THE HANDLING FEE PAID FOR THE VBLS WITH RESPECT TO WHICH SUCH CAUSE ARISES OR, WITH RESPECT TO THE FACILITIES, THE REPAIR OR REPLACEMENT OF SAME, AND IN NO EVENT SHALL MONSANTO BE LIABLE FOR INCIDENTAL, CONSEQUENTIAL OR PUNITIVE DAMAGES RESULTING FROM ANY SUCH CAUSE.

8. INDEMNITY. Lone Star assumes sole responsibility for, and shall indemnify and hold harmless Monsanto, its present, past and future employees and agents from and against any and all claims, liabilities, suits, proceedings, judgments, orders, fines, penalties, damages, losses, costs and expenses (including, without limitation, costs of defense, settlement and reasonable attorney's fees and expenses), arising out of or connected with (i) any VBLS following delivery to Lone Star; (ii) the lease, use, operation, ownership, misuse, non-use, repair, replacement, or removal of the Facilities by Monsanto or Lone Star or any other party; (iii) the performance by Lone Star, its employees or agents of any of its obligations related to this letter agreement; or (iv) any failure of Lone Star or any of its employees or agents to observe and comply with any of Lone Star's duties or obligations under this letter agreement, regardless of the basis of liability or legal principle involved (including, without limitation, contract, warranty, negligence, strict liability, other tort, violation of law or otherwise). Upon the request of Monsanto or any other person or party covered by this indemnification, Lone Star shall, at its expense, cause any such claim, liabilities, suits or proceedings to be defended by counsel approved by Monsanto, and Monsanto shall have the right, at Lone Star's expense, to participate in the investigation, defense, settlement and/or compromise of same.

9. MISCELLANEOUS. The validity, interpretation and performance of this letter agreement and any dispute connected herewith will be governed and construed in accordance with the laws of the State of ~~Missouri~~ <sup>Washington</sup>. No conditions, usage of trade, course of dealing or performance, understanding or agreement shall be binding on the parties unless hereafter made in writing and signed by the party to be bound. If any term or provision of this letter agreement or any application thereof shall be invalid or unenforceable the remainder of this letter agreement or any other application of such term or provision shall not be affected thereby.

Sub  
F44  
HDS

March 26, 1980

If you are in agreement with the foregoing, please indicate your acceptance by signing in the space provided below and returning one copy of this letter agreement to us.

MONSANTO COMPANY

By H Bruce English *for*

Title General Manager  
Specialty Chemicals Div.

Accepted and agreed to this  
30 day of APRIL, 1980.

LONE STAR INDUSTRIES, INC.

By Tommy L. Wells

Title Plant Manager